





## *from start...*

Under Secretary for USDA Rural Development, Dallas Tonsager, joined Minnesota State Director Colleen Landkamer, Congressman Colin Peterson and others to break ground for a new senior care center in Hutchinson, Minn.



## *...to finish*

Harmony River Living Center was finished in February of 2012, giving Hutchinson a new 114-room senior living center on 43 acres of land near the hospital. The facility features private and semi-private rooms for short- and long-term care, skilled nursing services and memory care. USDA funded the project with a \$13.3 million direct loan and a \$6 million loan guarantee through AgStar.



Committed to the future  
of rural communities.



Sincerely,

Colleen Landkamer  
State Director  
MN Rural Development



As you review our 2012 progress report, I encourage you to think about the many ways that rural America impacts the rest of the world. Most of our food supply comes from rural America. Building a better future through renewable energy happens in rural communities across the nation. Numerous essential natural resources are also found in rural areas.

In order to have a strong America, we need a strong rural America.

The tricky part is this: No two rural areas are the same. Each has its own set of challenges and opportunities.

It's no secret that USDA Rural Development has undergone some major changes. We're a smaller organization now than we ever have been. In Minnesota, we finished fiscal year 2012 with 84 full-time staff serving the entire state. Comparatively, we had 110 staff in 2009.

Staffing challenges would have been a convenient built-in excuse if our production fell in 2012. But thanks to the dedication and passion of those 84 people, 2012 was one of our most productive years.

We set funding records in the following key program areas:

- \$443,778,478 million to guarantee home loans to 3,702 new home owners.
- \$97 million to build or improve essential community facilities.
- \$1.6 million to help six agricultural businesses add value to their products and expand their customer base.

The way we serve each unique rural community is by having field offices that work directly with the people, businesses, nonprofits, Indian tribes and local governments that use our programs. Having a local presence helps us better understand rural Minnesota and deliver our over 45 programs that create economic opportunity and a better quality of life.

Rural Minnesota impacts America in many ways. I'm proud of our dedicated team of public servants working with all of you on a daily basis to make your communities stronger. We look forward to doing even more together in 2013.



Sincerely,

Tom Vilsack  
U.S. Secretary of Agriculture

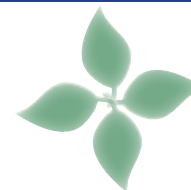
Since 2009, President Obama's leadership has led to investments in broadband, businesses, housing, safe water and community facilities have benefited rural America – strengthening not just the rural communities themselves, but the overall economy. Agriculture is now one of the fastest-growing parts of our economy – it's related in some way to one out of every 12 American jobs.

In 2012, USDA Rural Development invested more than \$76 million in about 1,600 renewable energy projects, including anything from anaerobic digesters and wind turbines to energy efficient doors on your grocer's freezer case, across rural America.

This report tells many stories of how USDA assistance has helped to improve the economic stability of rural towns, businesses, residents, farmers and ranchers and improve the quality of life in rural America. In 2012, Rural Development helped carry out more than 1,500 new Community Facility projects – helping libraries, medical centers, schools and more.

Finally, Rural Development provided nearly 10,000 additional loans and grants for rural businesses this year – and since 2009 USDA has provided nearly 60,000 such efforts to help rural business grow and thrive.

We must continue to make critical investments in broadband, bio-products, and strengthening capital markets for rural America, and targeting those investments to the parts of rural America that face the greatest economic need. I am proud of the role that our rural communities played this year to keep the American economy moving forward.



Sincerely,

Dallas Tonsager  
U.S. Under Secretary for  
Rural Development

We have much to celebrate in Fiscal Year 2012. Overall, USDA Rural Development leveraged more than \$30 billion in investments toward projects in rural communities. Many are the result of grassroots collaboration and creative partnerships between USDA employees and local organizations, governments, Tribes or individuals. It's amazing what these partnerships can achieve.

Business and Cooperative program funding created or saved an estimated 53,000 rural jobs in 2012.

Rural Development is the lead agency ensuring that rural families have access to safe, well-built, affordable homes. 7,940 families with limited incomes were able to obtain safe, affordable homes, in 2012, while 145,000 moderate-income families purchase single-family homes under the single-family guaranteed loan program, and more than 270,000 low- and very low-income families obtained rental assistance through USDA-financed multi-family housing.

In 2012, Rural Development, through its Community Facilities loan and grant program, provided assistance to construct or improve 48 rural libraries, and provided support for almost 250 health care projects – part of more than 1,500 Community Facility projects nationwide this year.

Finally, I want to publicly thank the men and women who work in USDA Rural Development. Our agencies have labored under a tough fiscal reality that has resulted in a substantial reduction of our workforce. Thanks to the countless rural Americans who use our more than 40 loan, grant, and technical assistance programs, we are helping to create sustainable jobs, and we are laying a strong foundation for rural America in the future.





## Business & Cooperative Programs



**Boosting rural lending:** Our Business & Industry loan guarantee program backs the business of rural Minnesota by supporting private loans to rural businesses.

**Supporting small businesses:** We have one of the largest portfolios of revolving loan funds in the country delivered through the Intermediary Relending Program, Rural Business Enterprise Grant Program and the Rural Economic Development Loan and Grant Program.



**Increasing renewable energy:** The Rural Energy for America Program helps small businesses and farmers cut costs by installing renewable energy systems or making energy efficiency improvements.

**Backing local producers:** Through the Value-Added Producer Grant program, we help local agricultural producers and small businesses access working capital and increase market share for their products.





### A Bright Future for Sunflower Cooking Oil Business

On a farm in small-town Pierz, Minn., Tom and Jenni Smude are breaking new ground in the cooking oil business.

Tom and Jenni started Smude's Natural Sunflower Oil in February of 2010 and have enjoyed the ride ever since. What began as an idea to grow a drought-tolerant crop transformed into a rural small-business success story with the potential to become something even bigger.

A couple of dry seasons on the farm led to the Smudes planting sunflowers. Tom originally wanted to extract biofuel from the crushed sunflowers, but he quickly learned there were other, more profitable, uses for his new crop.

After using a bottle of sunflower oil to fry potatoes for dinner one night, Tom and Jenni were instantly hooked. The idea to cold-press sunflower seeds and start bottling and selling all natural, high-oleic sunflower oil was formed.

USDA Rural Development selected Smude's Natural Sunflower Oil to receive a value-added producer grant to help with marketing activities, working capital and overall growth.

Using a revolving loan fund established through Rural Development's Intermediary Relending Program, Morrison County provided startup financing in 2009. Other assistance came from the Initiative Foundation of Little Falls, USDA's Farm Service Agency, the Small Business Development Center at Central Lakes College in Brainerd and private financing.

The Smude's started selling their sunflower oil at Thielen Meats and Hartman's General Store, both well-known local businesses. They expanded to farmers markets, developed a website and exhibited at health and sportsman's expos. Business continues to grow, and Smude's oil can now be found at all Lund's stores in the Twin Cities.

"It's all about community pride," Tom said. "Whether people know me or not, they know where my product comes from. That means something, both to us and our customers."

Future plans include working to gain additional access to markets like restaurants, movie theaters and specialty stores.

With two children, a farm, a full-time job, a separate day-job and other side businesses, it's hard to figure out where Tom and Jenni find the time to oversee a blossoming sunflower oil business.

But they wouldn't have it any other way.

"I want to take the risk. Let's do it," Tom said. "I believe in this product and I know others do too."





## Community Programs



**Strengthening rural infrastructure:** Our water and wastewater programs help small towns provide basic services that encourage economic growth and a healthy environment.

**Building a foundation:** Hospitals, nursing homes, schools, emergency response equipment and vehicles, day cares. These are all essential in any rural community and can be funded by our community facilities program.



**Electricity and high-speed Internet:** We brought power to rural Minnesota and continue to improve the capability and efficiency of rural Minnesota's electric grid. We're also connecting rural homes, businesses and organizations to high-speed Internet so they can compete in today's global marketplace.



## Rural Healthcare Facilities Benefit from USDA Rural Development Funding

Fiscal year 2012 was a big year for funding new hospitals in rural Minnesota. Using loans from our community facilities program, the communities of Warren, Elbow Lake and Moose Lake are building new hospitals.

A \$13.5 million loan will build a new North Valley Health Center in Warren. The current health center was built in 1958 and was no longer able to accommodate changes in healthcare services and meet the area's healthcare needs.

Prairie Ridge Hospital & Health Services in Elbow Lake was selected to receive \$24 million in USDA loans to build a new critical access hospital and purchase a clinic in the city of Morris. About \$4 million of the funding comes through a loan guarantee with AgStar's rural capital network, a private lender that serves rural Minnesota.

The new facility will be located on a 24-acre site and be fully handicap accessible. It will include 10 private rooms, an emergency department, operating room, pharmacy, clinic and support areas.

USDA and Agstar also partnered to make \$38 million in loans to build a new 116,400 square-foot healthcare center in Moose Lake.

The current hospital in Moose Lake employs about 300 people. That will increase once the new facility is finished. The new facility also will improve the flow of services and provide space for more specialized care.

Since 2009, USDA has invested about \$115 million to build or improve healthcare facilities throughout Minnesota.



Committed to the future of rural communities



## Housing Programs



**Making homeownership possible:** Our direct home loan program helps qualified low-income individuals and families achieve homeownership, resulting in stronger rural communities, more customers for area businesses and increased community pride. We also keep people in their homes by providing funding for essential home repairs.



**Lending in rural Minnesota:** Home loan guarantees help lenders keep rural Minnesota strong. Demand for our home loan guarantee program continues growing and we are more than happy to work with the lending community to meet that demand.



**Multi-family options:** Homeownership is not for everyone. We oversee the management of about 600 multi-family properties that provide over 11,000 units of safe and affordable housing in rural Minnesota. Our properties serve a high-need population, including seniors, people with disabilities and low-income families.



## USDA and Habitat for Humanity Partnership Builds Home for Minnesota Family

A unique partnership between USDA Rural Development and Habitat for Humanity of Douglas County (HFHDC) has helped make Cassandra Braford a proud new homeowner.

Braford, a waitress at a local restaurant, recently moved into her home in Alexandria, Minn., with her children, Ramsey and Riyada, and her mother, Jean. The home was financed through Rural Development's direct home loan program. Braford built her home in partnership with HFHDC.

"Throughout this process, I have become more confident in my abilities and have felt empowered to continue growing and to make a better future for my family," said Braford, who showed off her new home during a June Homeownership Month event. "I couldn't be more thankful to USDA, to Habitat and everyone else who helped along the way."

The partnership between USDA and Habitat leverages assets from both organizations to help more qualified individuals and families achieve homeownership in rural Minnesota.

USDA and Habitat had some additional help in building Cassandra's home. First-year construction students at Alexandria Community & Technical College played a major role in the home's construction, gaining valuable educational experience and performing a needed community service.

Cassandra has put in over 200 hours of sweat equity helping build other Habitat Homes in the area. She's seen firsthand what partnership and working together can do for her own family and her community.

"I was ready for this," she said. "I could not be happier right now."



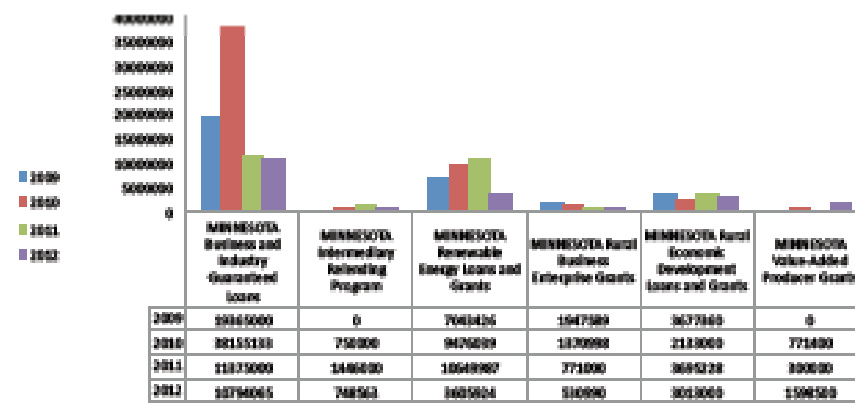


# Number of Projects Funded 2009-2012

## BUSINESS PROGRAMS

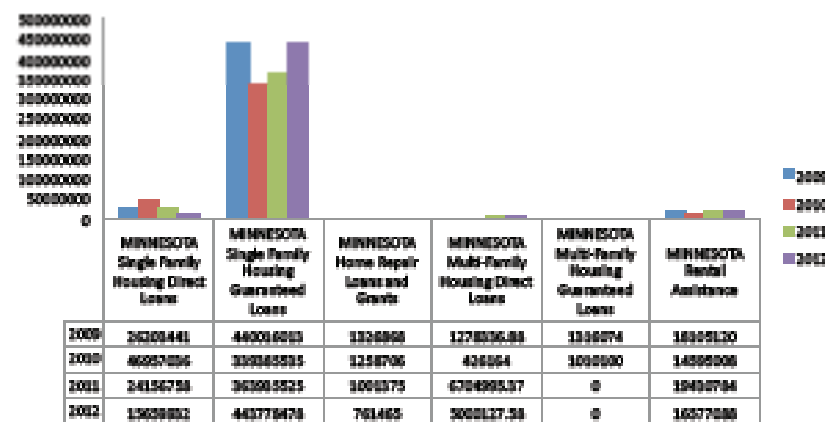
	Business & Industry Guaranteed Loans	Intermediate Relending Program	Renewable Energy Loans and Grants	Rural Business Enterprise Grants	Rural Economic Development Loans & Grants	Value-Added Producer Grants
2009	0	0	214	10	0	0
2010	17	1	288	15	5	5
2011	0	3	149	8	7	1
2012	0	2	198	7	6	0
<b>Totals</b>	<b>17</b>	<b>6</b>	<b>751</b>	<b>40</b>	<b>24</b>	<b>12</b>

# Funding Amounts 2009-2012



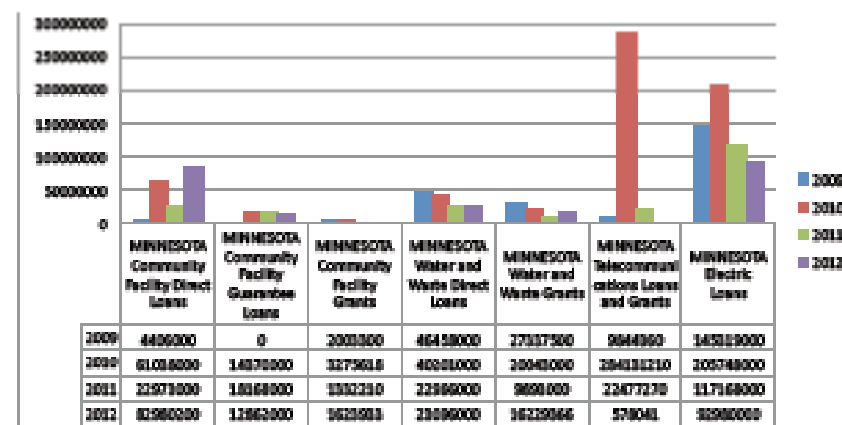
## HOUSING PROGRAMS

	Single Family Housing Direct Loans	Single Family Housing Guaranteed Loans	Home Repair Loans & Grants	Multi-Family Housing Direct Loans	Multi-Family Housing Guaranteed Loans	Rental Assistance
2009	210	3,791	230	7	1	297
2010	307	2,911	222	2	1	277
2011	107	3,113	167	0	0	350
2012	130	3,702	135	0	0	302
<b>Totals</b>	<b>654</b>	<b>13,517</b>	<b>754</b>	<b>9</b>	<b>2</b>	<b>1,226</b>



## COMMUNITY PROGRAMS

	Community Facility Direct Loans	Community Facility Guaranteed Loans	Community Facility Grants	Water & Waste Direct Loans	Water & Waste Grants	Telecommunications Loans & Grants	Electric Loans
2009	23	0	30	23	29	0	10
2010	32	5	36	23	27	25	12
2011	21	4	24	10	10	0	0
2012	31	3	27	24	29	2	7
<b>Totals</b>	<b>107</b>	<b>12</b>	<b>117</b>	<b>80</b>	<b>95</b>	<b>27</b>	<b>29</b>



# USDA Rural Development Minnesota Area Offices

**Colleen Landkamer, State Director**

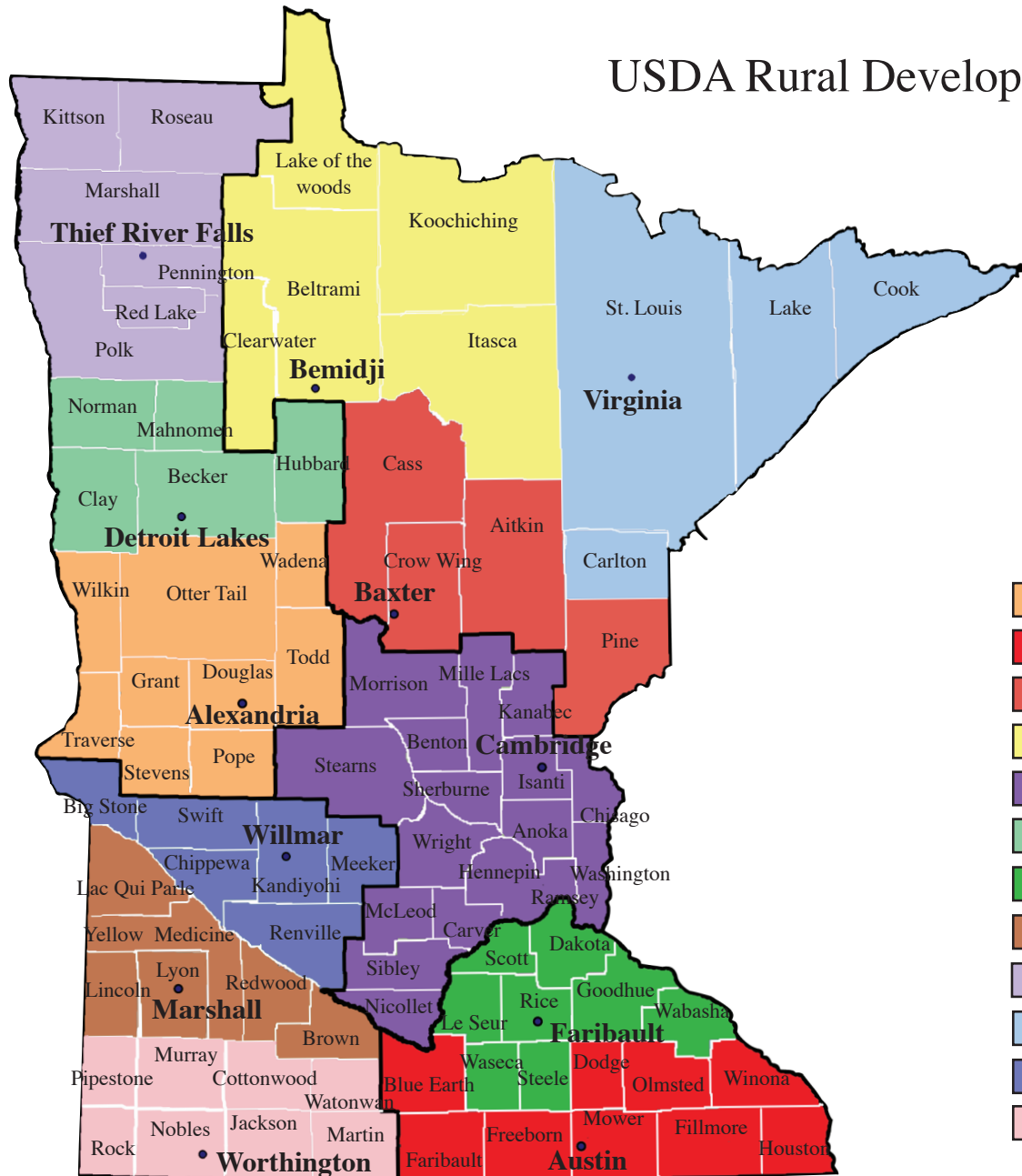
375 Jackson Street, Suite 410  
Saint Paul, Minnesota 55101

Phone | 651-602-7800

[www.rurdev.usda.gov/mn](http://www.rurdev.usda.gov/mn)

## Area Offices

	Alexandria   320-763-3191
	Austin   507-437-8247
	Baxter   651-602-7800
	Bemidji   218- 751-1942
	Cambridge   763-689-3354
	Detroit Lakes   218-847-9392
	Faribault   507-332-7418
	Marshall   507-532-3234
	Thief River Falls   218-681-2843
	Virginia   218-741-3929
	Willmar   320-235-3540
	Worthington   507-372-7783



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